COMMON CONTENT

PROFESSIONAL ACCOUNTANCY QUALIFICATIONS

Compliance Manual

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France	**Compagnie Nationale des Commissaires aux Comptes** **Ordre des Experts-Comptables**
Germany	**Institut der Wirtschaftsprüfer** **Wirtschaftsprüferkammer**
Ireland	**Chartered Accountants Ireland**
Italy	**Consiglio Nazionale dei Dottori commercialisti e degli Esperti contabili**
The Netherlands	**Koninklijke Nederlandse Beroepsorganisatie van Accountants**
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Compliance Manual

Contents

1. Introduction to Compliance 3

Purpose and Scope of the Compliance Process 3
Compliance Manual 4
Compliance Process 4

2. Self Assessment 6

Overall Self Assessment Requirements 6
Self Assessments Subsequent to Reviewed Self Assessments 7
Part A: General Description of Qualification Program 7
Part B: Description of Quality Control Over Qualification Program 8
Part C: International Requirements 9
Part D: Academic Level 10
Part E: Learning Outcomes 10
Part F: Skills Framework 12
Part G: Overall Self Assessment Conclusion 14

3. Review 15

Overall Review Requirements 15
Review Subsequent to Previous Review 15
Review Approach 16
Preliminary Review 16
Desk Review and Review Visit 17
Review Report 17
Nature, Extent and Retention of Review Documentation 19

4. Steering Group Management of Compliance Process and Decision-making 20

Responsibilities of Steering Group Prior to Completion of Reviews 20
Steering Group Consideration of Self Assessments and Reviews; Appeals Procedure 21

5. Appendix 1: Mapping Documents for International Requirements 23

Compliance with EU Requirements 23
Compliance with IAESB Education Standards 28

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1. INTRODUCTION TO COMPLIANCE

Purpose and Scope of the Compliance Process

1. The objective of the compliance process is to determine whether an Institute's qualification is in compliance with common content education and general requirements.

2. The term "common content qualification requirements" means any common content requirement that needs to be fulfilled by a qualification program for the qualification of an entry level professional accountant of a participating institute (theoretical education including academic level, practical experience requirements, ethical education requirements, competencies and skills, and quality control). These requirements are included in a number of common content documents, including the learning outcomes and skills framework. Qualification requirements in these documents are clearly distinguished from guidance, which helps participating Institutes, those performing self assessments, and review teams understand the requirements.

3. There are common content requirements that participating Institutes must fulfil that are not qualification requirements: these are called "general requirements".

4. The same compliance process applies to member institutes and institutes that are applicants for membership.

5. The compliance process applies to the entire qualification program, whether or not an Institute has direct responsibility for parts of that program. Consequently, the process applies to Institutes that have, and those that have not, the responsibility and authority to grant professional entry-level qualifications and to determine the curricula for those qualifications. When an Institute outsources part of the qualification process, or when an Institute does not have direct responsibility for part of the process, the compliance process assesses whether the Institute has appropriate quality control policies and procedures in place to determine whether Common Content requirements are met.

6. When an Institute offers more than one professional accountancy qualification, the Institute will need to decide which of those qualifications it seeks to have recognized as common content compliant. If more than one qualification is chosen for recognition as common content compliant, then the self assessment and review need to cover each qualification. Consequently, self assessment and review conclusions may vary by qualification.

7. The self assessment and review conclusions should be given on qualification programs in operation measured against the common content requirements currently in effect.

8. Future compliance with common content qualification and general requirements is affected by changes in common content requirements and changes in qualification programs. The self assessment must identify and evaluate these changes to determine whether they will lead to any change in compliance. The review team verifies this evaluation. This evaluation does not affect the compliance conclusion (see above), but may affect Steering Group decisions on acceptance and continuance of membership.

9. However, self assessments and reviews should be done on the basis of the latest common content requirements because these are forward-looking exercises that seek to determine whether future remedial action is necessary. However, the compliance conclusion and remedial actions in this respect would be based upon the effective common content requirements.

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Compliance Manual

10. The compliance process consists of three activities that are managed by the Steering Group:

- self assessment prepared by the Institute providing evidence of whether its entry-level professional qualification meets the Common Content education and general requirements;
- review of the self assessment by a review team on behalf of the Steering Group to assess whether there is adequate evidence to support the conclusions expressed in the self assessment; and
- Steering Group decision making in relation to the self assessment and review processes.

11. This Compliance Manual explains the self assessment, review and Steering Group decision-making processes in relation to compliance, and the management of the compliance process through the Steering Group. This Manual sets forth the requirements for the performance of self assessments by institutes, the performance of reviews by review teams, and the decision-making process in relation to the self assessment and review processes.

12. The Compliance Manual refers to the following Common Content documents:

- Common Content Overview
- Learning Outcomes and Knowledge
- Skills Framework

These are available on the Common Content website www.commoncontent.com.

Compliance Process

13. The Compliance Manual sets forth the requirements for each of the three activities of the compliance process in turn.

14. The self assessment process consists of seven parts:

Part A	General Description of Qualification Program
Part B	Description of Quality Control Over Qualification Program
Part C	International Requirements
Part D	Academic Level
Part E	Learning Outcomes
Part F	Skills Framework
Part G	Overall Self Assessment Conclusion

15. The Institute whose qualification is to be reviewed is responsible for the self-assessment in accordance with the requirements of this Compliance Manual. The review process begins with a preliminary assessment of parts 1 to 3 to determine whether the review process should be continued.

16. A review team appointed by the Steering Group is responsible for the review of the self assessment and the report on that review to the Steering Group in accordance with the requirements of this Compliance Manual. The review process provides for a preliminary review of parts 1 to 3 (which can be performed once the preliminary self assessment has

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been completed) of the self assessment to allow the Steering Group to determine whether the review should be continued.

17. The management of the compliance process is the responsibility of the Steering Group as described in Part 4 of this Compliance Manual. The Steering Group appoints the review team and liaises with the Institute and review team during the self assessment and review processes and procedures. As part of its decision-making process, the Steering Group considers the final report of the review team and the comments thereon by the Institute and is responsible for the final decision on whether an Institute's qualification complies with common content requirements and whether any remedial action is necessary.

18. It may be helpful for the Institute preparing the self assessment to consult with an existing member institute in preparing its self assessment. The Steering Group may recommend experts in Common Content from existing member institutes to assist in the process, but an Institute may choose from among the experts recommended and is not required to accept such consultation. The costs of such consultation, if any, are borne by the Institute.

19. To maintain the confidentiality of information obtained and review results, access to information is restricted as follows:

- The self assessment, including its supporting documentation, is restricted to the Institute, review team, and any independent members of the Oversight Committee choosing to attend the review visit
- The review documentation is restricted to the review team, those designated by the Steering Group as responsible for archiving the review documentation, and any independent members of the Oversight Committee choosing to attend the review visit
- The conclusions drawn from the self assessment by the Institute, the review report, and any comments by the Institute on the review report are restricted to the Institute, the review team, the Steering Group and the members of the Oversight Committee.

20. The review team, members of the Oversight Committee, and those responsible for archiving the review documentation are responsible for maintaining the confidentiality of any documents arising from the compliance process to which these parties have access.

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2. SELF ASSESSMENT

Overall Self Assessment Requirements

21. This Manual sets forth the requirements for the self assessment of the compliance of a qualification program with common content qualification and general requirements, and the documentation of the self assessment and the retention of such documentation.

22. An Institute prepares a self assessment comparing its entry level professional qualification with common content qualification and general requirements and issues a statement of conclusions resulting from the self assessment.

23. The preparation of the self assessment in accordance with the common content self assessment requirements in the Manual is entirely within the responsibility of the Institute that is seeking to have the compliance of its qualification assessed. The review team is not responsible for the self assessment.

24. When a self assessment is subject to review, it is the responsibility of the Institute to:

- communicate with the Steering Group on a timely basis in relation to the self assessment and review processes for major issues;
- perform a complete self assessment in accordance with the requirements of this Manual comparing its qualification to common content qualification and general requirements;
- exercise judgment when determining how much evidence to gather to support the self assessment conclusions and in determining whether common content qualification and general requirements have been fulfilled (this does not extend to interpreting particular common content requirements as not applicable or not material);
- prepare the documentation of the self assessment that enables a review team to perform a review;
- prepare and issue a statement of conclusions in relation to the self assessment;
- retain the self assessment documentation until the earlier of when the next compliance process is completed or the Institute ceases to be a member of common content.
- during the review process, provide the review team with:
  - access to information that is relevant to the preparation of the self assessment, such as records and documentation and other matters;
  - additional information that the review team may request from the Institute for the purposes of the review;
  - access to persons within the Institute from whom the review team determines it necessary to obtain review evidence; and
  - to the extent reasonable and possible, access to information and persons from outside the Institute relevant to the self assessment or review;
- agree on reasonable deadlines with the review team for the provision to the review team of access to information or persons and to meet those deadlines sufficiently in advance of the contemplated completion of the relevant review phase
- agree on reasonable deadlines with the review team and the Steering Group on the completion of the review

25. The self-assessment has seven parts:

A. A general description of the Institute's qualification program together with a conclusion on whether the Institute's qualification meets common content general requirements.

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B. A description of the quality control over the qualification program and a conclusion, supported by documentation of adequate self assessment evidence, whether the quality control process has applied the common content quality control principles.
C. A conclusion, supported by documentation of adequate self assessment evidence, whether the Institute's entry-level professional qualification meets the appropriate international requirements for professional accountants and the examination requirements at EU and international levels for statutory auditors.
D. A conclusion, supported by documentation of adequate self assessment evidence, whether the assessment for the qualification program is at the appropriate academic level.
E. A conclusion, supported by documentation of adequate self assessment evidence, whether the qualification program achieves the common learning outcomes.
F. A conclusion, supported by documentation of adequate self assessment evidence, whether the qualification program covers, in an integrated way, the five service areas and achieves the skills framework.
G. An overall conclusion on whether the qualification meets common content education and general requirements.

26. A thorough and well-documented self-assessment facilitates an efficient and effective review and would thereby lead to reduced review effort and costs. The self assessment is documented in electronic form (preferably in Microsoft Word or Excel). Underlying documentation is in electronic form to the extent possible. The self assessment documentation, but not necessarily the underlying support, is prepared in the English language.

Self Assessments Subsequent to Reviewed Self Assessments

27. When a self assessment is carried out subsequently to a reviewed self assessment, the subsequent self assessment draws on the reviewed self assessment and focuses on the changes in the specified qualification(s) and in common content requirements since the reviewed self assessment.

Part A: General Description of Qualification Program

28. The first part of the self assessment consists of a general description of the Institute's qualification program together with a conclusion on whether the Institute's qualification meets common content general requirements. This general description is also prepared for the orientation of the review team.

29. The general description must cover the following aspects of the qualification program:

- The professional and regulatory environment
  - qualifications to be subject to self assessment and review
  - legal and regulatory foundations of the profession
  - identification of bodies that regulate the profession and their respective responsibilities and oversight mechanisms
  - regulated services performed by the profession
  - competitive environment in relation to other professions and qualifications in relation to regulated and unregulated services

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- a description of how the Institute or qualification meet common content general requirements
- an outline of the qualification program
  - program entry requirements
  - education requirements, including the contributions of universities, other academic institutions, other educational institutions, government and their agencies and professional accountancy and audit firms as well as the Institute itself
  - practical experience requirements
  - assessment
  - membership admission requirements
  - known future developments
  - how the qualification program meets the five service areas at a high level

30. At this stage the Institute may also provide copies of publicly available information that support the description.

Part B: Description of Quality Control Over Qualification Program

31. The Institute is required to prepare a description of the quality control over the qualification program and a conclusion, supported by documentation of adequate self assessment evidence, whether the quality control process has applied the common content quality control principles.

32. Since education delivery systems are different among qualification programs, no detailed list of requirements for quality control over such programs is possible. Consequently, common content qualification requirements include a list of principles of good quality control over qualification programs that Institutes should employ in designing, implementing and operating their quality control systems over education. Guidance on the application and meaning of these principles is also provided.

33. The common content quality control principles recognise that some participating Institutes control the delivery of most of their qualification programs directly, whereas others rely more on third parties. The description of quality control and a conclusion about whether the quality control process has applied the common content quality control principles are required irrespective of whether participating Institutes control or do not control their qualification program.

34. The guidance supporting this common content quality control principle notes that in the first case, quality control would need to focus on the delivery of education by the Institute. In the second case, quality control would need to focus on the quality of the education provided by third parties. In either case, quality control needs to be applied to both education delivered by the participating Institute and third parties. In cases in which third parties provide education, these may also apply quality control over the delivery of that education. In this case, quality control may also be external to the participating Institute. Such external quality control may include accreditation systems. When external quality control is relied upon, internal quality controls would need to determine the operating effectiveness of those external quality controls.

35. The Institute describes its quality control over its professional qualification at a general level. The general description covers the conclusion on whether the Institute applies the common content quality control principles and refers to the sources of evidence supporting this conclusion. A more detailed description of quality control over specific areas (compliance

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with national and international education standards, academic level, learning outcomes, and skills framework) may be provided in the self assessment of these areas.

36. Based upon the common content quality control principles, the description of quality control would need to cover:

- the application of a risk-based approach to quality control (e.g., risk assessment, risk response, implementation of responses, monitoring, documentation)
- qualification program (e.g., student recruitment and entry requirements, program content, program administration, qualification procedures)
- practical experience (e.g., approach, content, supervision and monitoring)
- assessment (e.g., design, preparation, confidentiality, administration and delivery, scoring, result determination, recording and publication, dealing with malpractice, and monitoring)
- admission to the profession

Part C: International Requirements

37. Common content qualification requirements call for participating Institutes to:

- meet or exceed international requirements for professional accountants (IAESB Education Standards – IES 1 to 7)
- meet or exceed examination requirements for statutory auditors at EU level and assessment requirements at international level for auditors (EU requirements for the qualification of statutory auditors in the Statutory Auditor Directive and the assessment requirements in IES 8)

38. The self assessment report must provide a conclusion, supported by documentation of adequate self assessment evidence, whether the Institute's entry-level professional qualification:

- complies with the relevant international standards noted above for professional accountants; and whether
- complies with the additional examination and assessment requirements for auditor qualifications.

39. Specific requirements on qualification, education, training, CPD are prescribed in the IAESB Education Standards IES 1 – 8:

IES 1	Entry Requirements to Professional Accounting Education Programs (Revised)
IES 2	Initial Professional Development – Technical Competence (Revised)
IES 3	Initial Professional Development - Professional Skills (Revised)
IES 4	Initial Professional Development – Professional Values, Ethics and Attitudes (Revised)
IES 5	Initial Professional Development–Practical Experience (Revised)
IES 6	Initial Professional Development–Assessment of Professional Competence (Revised)
IES 7	Continuing Professional Development (Redrafted)
IES 8	Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)

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IES 8 above applies on to individuals responsible for audits of financial statements, including where holders of the professional entry-level qualification are empowered or licensed to act as engagement partners or as sole practitioners responsible for audits of financial statements.

40. Institutes must document compliance of the qualification program with the noted IAESB and EU qualification requirements by mapping or tracking these requirements to the curricula or learning materials in their education program. Mapping documents containing the noted international requirements are provided in this Compliance Manual in Appendix 1. Institutes need not track or map compliance at this stage (prior to any requests by the review team) beyond the curricula or learning materials and the general description.

Part D: Academic Level

41. The Institute is required to provide a conclusion, supported by documentation of adequate self assessment evidence, whether the assessment for the qualification program is at first degree level, that is at least equivalent to a three year university degree of professional competence and skills, and the assessment of key parts of the knowledge, including but not limited to financial reporting and assurance, must be at second degree level.

42. The common content qualification requirements note that the meaning of the term academic level relates to degrees from schools at university level (e.g., a second degree level would involve a masters degree level and a first degree a bachelors degree level).

43. The common qualification requirements note that one approach to defining the difference between less than first degree level and between first and second degree level would be to develop a list of sets of indicators. Self assessment may include evidence of one or more of the following:
    - Comparison of level of assessment with the Dublin descriptors (including multidisciplinary integration)
    - European Credit Transfer System (ECTS) or comparison of input required for assessment therewith
    - National and international accreditation systems (e.g., European Quality Improvement System – EQUIS) or comparison of assessment therewith
    - European qualifications framework (EQF) or comparison of assessment therewith
    - Completion of an accredited relevant degree program
    - Professional examinations of a greater degree of difficulty than those required in the same subject matters for an academic degree
    - National benchmarks for first and second degree level

Part E: Learning Outcomes

44. The Institute is required to provide a conclusion, supported by documentation of adequate self assessment evidence, whether the qualification program achieves the common learning outcome requirements, which are set forth in the Learning Outcomes and Knowledge documents.

45. As noted in the learning outcomes documents, as a matter of principle, Common Content only includes material qualification requirements. Consequently, in principle, full compliance

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with common content qualification requirements means compliance with every qualification requirement. The learning outcome documents explain that since both common content requirements and qualification programs are subject to continual change, full compliance in terms of a point in time may never be practically achieved. However, departures from common content requirements identified in the self assessment would need to be adequately addressed in an qualification program by a plan of remedial action that would need to have been implemented by the time of the next self assessment and review. Of course, given the continual change in both common content qualification requirements and education programs, new issues may arise.

46. The learning outcomes are defined in terms of what students should be able to do using verbs, and the knowledge that is necessary to achieve these capabilities. Full compliance means that students have achieved the capabilities required in the learning outcomes documents for each service area.

47. In achieving that objective an Institute can apply the principle of transferability in its qualification program. This means that capability in a given learning outcome may not necessarily be directly assessed provided that the required capability is covered elsewhere in the same service area in a closely related context or in a related service area where the same capabilities are required.

48. The common content project is applicable to qualification programs that use either input or output-based approaches, or a combination of both. When determining the compliance of curricula with common content requirements, approaches that are more output-based would tend to focus more on the learning outcomes in the learning outcome documents, whereas for input-based approaches there may tend to be a greater focus on the knowledge content and levels required. Nevertheless, the qualification program as a whole (i.e., including actual assessment etc.) forms the basis for determining compliance with both the learning outcomes and the related knowledge required.

49. This overall approach makes it possible to have viable Common Content programs in each participating country that also reflect local circumstances.

50. There may be circumstances when a departure from a common content qualification requirement by a particular qualification program may be acceptable. Such an acceptable departure would arise only when:

- The common content qualification requirement relates to a service that is prohibited by law in the particular jurisdiction or due to the impact of the local business environment would not be provided
  AND
- Departing from the qualification requirement would not have an impact on the achievement of other qualification requirements (for example, the learning outcome as written cannot be achieved, but another measure is in place to ensure that there is no impact on the achievement of other qualification requirements);

OR

- The qualification program has achieved the aim of the common content qualification requirement from which it departs in a better way through innovations in its qualification that enhance the overall quality of the qualification program in relation to the aim of that requirement.

OR

- The common content requirements relate to requirements confined to the EU or European Economic Area (EEA) and these requirements are not applicable for a qualification from a jurisdiction from outside of the EU or EEA.

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51. However, as a matter of principle, departures from common content qualification requirements other than from EU or EEA requirements as noted that have an impact on portability of qualifications would not represent such acceptable departures. As part of the self assessment, any departures must be identified, the reasons for the departures given, and the departures and their justification documented.

52. The learning outcome document notes that in order to perform well in a service area, professional accountants need an understanding of the other service areas. The program of assessment needs to reflect this by integrating knowledge from other disciplines to enable the satisfactory achievement of the learning outcomes in a particular discipline.

53. The learning outcome document covers the following services and areas of knowledge ("main topics"):

- Assurance and Related Services (ARS)
- Performance Measurement and Reporting (PMR)
- Strategic and Business Management (SBM)
- Financial Management (FM)
- Taxation and Legal Services (TLS)
- General Professional Knowledge
- General Knowledge

54. Self assessment conclusions are given on the level of the main topics and provide adequate evidence that the education, practical experience and assessment of entry-level professional accountants enable them to provide the services specified at the beginning of each of the main topics. The ability of professional accountants to provide these specified services is supported by evidence of the achievement of the common learning outcomes and skills and any appropriate national learning outcomes.

55. Institutes must document compliance of the qualification program with the noted common content qualification requirements in the learning outcome document by mapping or tracking these requirements to the curricula or learning materials in their education program. Mapping documents containing these requirements are provided in this Compliance Manual in Appendix 2. Institutes need not track or map compliance at this stage (prior to any requests by the review team) beyond the curricula or learning materials and the general description.

Part F: Skills Framework

56. The Institute provides a conclusion, supported by documentation of adequate self assessment evidence, whether the qualification program covers, in an integrated way, the five service areas and achieves the skills framework. As well as requiring entry-level accountants to have the appropriate level of higher skills in each of the separate subject areas (as defined by the verbs in the learning outcomes – e.g. "recommend", "discuss", "compare" – see above), to meet the requirements of the skills framework, entry-level accountants also draw upon their practical experience to obtain multidisciplinary and other skills.

57. The skills framework specifies that all entry level professional accountants will be expected to have met the seven divisions in the Framework. Each division contains the related

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principal capability statements. It is expected that all entry level professional accountants will meet a substantial number, but not necessarily all, of the statements in each set.

58. The skills framework explains that in order to deal with situations encountered in practice, professional accountants need to integrate knowledge from across the range of all subject areas. The program of assessment needs to reflect this by integrating knowledge and skills across service areas, other knowledge and ethical and professional requirements.

59. The requirements in the skills framework can be achieved through theoretical education as defined in the learning outcomes document and academic education, etc., or by means of practical experience. As far as applicable reference can be made to professional and academic accreditation that is already in place. Practical experience includes matters such as coaching and learning “on-the-job”.

60. The skills framework notes that there are two primary reasons for multidisciplinary integration of education and assessment.

- In order to perform well in a service area, professional accountants need an understanding of the other service areas. The program of assessment needs to reflect this.
- In order to deal with situations encountered in practice, professional accountants need to integrate knowledge from across the range of all subject areas. The program of assessment also needs to reflect this

The first bullet point relates to the need to integrate knowledge from other disciplines to enable the satisfactory achievement of the learning outcomes in a particular discipline. This means that this aspect of integration can be achieved by means of an assessment in a particular service area (e.g., auditing) that requires knowledge from other service areas (e.g., accounting, governance from SBM, financial management, tax, etc.).

The second bullet point relates to the need to integrate knowledge and skills across all of the service areas, other knowledge and ethical and professional requirements. This would be achieved in a complex scenario with incomplete information in which the candidate needs to identify, prioritize, analyse and evaluate issues and develop options, conclude, recommend and communicate these results at an appropriate level of technical language to interested parties. Therefore the assessment is not directed towards the satisfactory achievement of the learning outcomes in a particular service area, but towards demonstrating professional judgment in taking into account the interaction between the service areas and the nature and extent of the information available. The high level nature of such multidisciplinary integration implies that candidates would not be re-assessed in great depth on the technical details required for an assessment of a particular service area. The nature of this type of multidisciplinary assessment implies that it take place subsequent to any assessments of the individual service areas at first or second degree level, other knowledge and ethical requirements, and after the completion of at least part of the practical experience requirement. Consequently, such multidisciplinary assessment is considered to be defined as being at second degree level.

61. When determining compliance with requirements in the skills framework as part of a self assessment or review process, both the satisfaction of the common content qualification requirements outside of the skills framework and the satisfaction of the practical experience requirements can be drawn upon to provide evidence of compliance with the skills framework.

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62. Institutes must document compliance of the qualification program with the requirements in the skills framework. With respect to multidisciplinary skills that relate to the need to have an understanding of the other service areas to provide services in a particular service area of the learning outcome documents, as well as other skills required by the framework that are covered in the learning outcome documents, the mapping or tracking documents used to provide evidence for compliance with the requirements in the learning outcomes document may be used to document compliance with such skills. Documentation of academic level, such as documentation of academic accreditation, may also be used to document compliance with multidisciplinary and other skills required by the skills framework. Documentation of the nature and content of practical experience may be used to document compliance with the requirements of the skills framework. Institutes may choose to provide a mapping document for individual skills described in the skills framework. To document that the program of assessment integrates knowledge from across the range of all subject areas, Institutes may provide documentation of compliance through curricula for the examination or through the examination papers.

Part G: Overall Self Assessment Conclusion

63. Based upon the conclusions reached in the six previous parts of the self assessment, the Institute forms an overall conclusion on whether the qualification meets common content qualification and general requirements and whether any remedial action is necessary. The Institute summarises the reasons for its conclusion in a final statement.

64. The final statement includes an overall conclusion that must be one of the following:

- the qualification of the Institute complies with the Common Content requirements; or
- the qualification of the Institute complies with the Common Content requirements subject to remedial action; or
- the qualification of the Institute does NOT comply with the Common Content requirements.

If applicable, the statement indicates actions to be taken to address instances of non-compliance with Common Content requirements and the intended timing of those actions.

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3. REVIEW

Overall Review Requirements

65. A review team appointed by the Steering Group performs a review of the self assessment, which involves a verification of a participating Institute's self assessment to determine whether the self assessment conclusions are reliable, and a report to the Steering Group whether the team has obtained adequate evidence to support its conclusions on the self-assessment.

66. The review of an Institute's self assessment is the responsibility of the review team, which plans and performs the review in accordance with common content review requirements. Common content review requirements relate to the review process, and its documentation, reporting, and retention of records. The review team is not responsible for the self assessment. In particular, the review team is responsible for:

- the objective, efficient and effective conduct of the review using a risk-based approach to focus review procedures (the team leader is responsible for the effective and efficient use of review team resources and review timing)
- exercising judgment when determining how much evidence to gather to support the review conclusions and in determining whether the self assessment is reliable (this does not extend to interpreting particular common content requirements as not applicable or not material)
- communicating with the Institute and the Steering Group on a timely basis in relation to the self assessment and review processes for major issues
- documenting the review process and provision of such documentation to the Steering Group after the review for archiving
- preparing a review report that is issued to both the Institute and the Steering Group
- responding to queries from the Steering Group after the review
- maintaining the confidentiality of information obtained and review results
- agreeing reasonable deadlines with the reviewed Institute for the provision of access to information or persons and to meet those deadlines
- agreeing reasonable deadlines with the reviewed Institute and the Steering Group for the completion of the review

67. The review team strives to make decisions and reach its conclusions on the basis of consensus. In the unlikely event that consensus cannot be achieved, the review team consults with the Steering Group for further guidance.

Review Subsequent to Previous Review

68. When a review is performed subsequently to a previous review, the review team draws on the previous review and focuses the subsequent review on changes in the specified qualification(s) and in common content requirements since the previous review.

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Review Approach

69. A review is divided into the following phases:

- preliminary review
- desk review
- review visit
- review reporting

70. The review team adopts a risk-based and test-based approach to the review to obtain adequate evidence that the self assessment is reliable. As a rule, a properly prepared and documented self assessment in accordance with the compliance manual provides most of the evidence required for a review. However, the review team may request additional evidence in relation to common content requirements beyond that included in the self-assessment as necessary.

71. The review risk represents the risk that the review team reaches the conclusion that the self assessment is reliable when it is not (i.e., the self assessment concludes that the qualification meets common content requirements when it does not). A risk-based approach to a review involves the review team undertaking a risk assessment of the self assessment and then responding to those risks through further review procedures.

72. As part of the risk assessment of the self assessment, the review team obtains an understanding of the qualification and the quality control over that qualification to enable the review team to identify and assess risks. Some of this understanding would be obtained as part of the preliminary review (see below). The review team assesses the risks identified to determine which of those risks are significant and therefore require further review procedures to respond to those risks. The review team documents its understanding of the qualification and the quality control over that qualification and its assessment of risks.

73. The review team exercises judgment in determining the nature and extent of further review procedures required to obtain adequate evidence to support the review conclusion. The review team performs the further review procedures on a test basis. The extent of testing can be reduced if the review team has adequate evidence that the quality control system over the qualification for particular risks is operating effectively. The review team documents the performance and results of the further review procedures.

Preliminary Review

74. The review team performs a preliminary review of parts A to C of the self assessment, and, on the basis of the results of this preliminary review and after having provided its proposed conclusions to the Institute, reports to the Steering Group on the review team's conclusion as to whether the review process should be continued. The review team documents the performance and results of the preliminary review.

75. In the preliminary review, the review team reads Part A of the self assessment (the general description of the qualification program) and considers whether the description adequately provides a general understanding of the qualification and complies with the requirements of the compliance manual. The review team also reads Part B of the self assessment (description of quality control over the qualification program), and considers whether the description adequately provides an understanding of such quality control and whether the

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description indicates that common content quality control requirements are met. The review team also determines whether the self assessment includes adequate mapping documents as required in Part C of the self assessment for international requirements and reads these mapping documents to determine whether the self assessment indicates major departures from international requirements.

Desk Review and Review Visit

76. If the Steering Group decides that the review process should be continued, the review team performs the review of parts A to G of the self assessment.

77. The review team reviews the self-assessment in order to obtain adequate evidence to support the review team's conclusions on whether the Institute's self assessment conclusions on the achievement of the Common Content education and general requirements by the qualification are reliable. During the review process, the Institute is responsible for providing the review team with access to information that is relevant to the self assessment. The review team informs the Institute of the reasons for requests for additional documentation beyond the completed self assessment documentation.

78. To facilitate an efficient review, the review team performs as much of the risk assessment and further review procedures to respond to those risks as possible as part of the desk review. This includes testing the mapping documents to curricula for the examination or examination papers. Clarification of issues is sought to the extent possible prior to the review visit; missing documentation is supplied prior to the review visit.

79. The review visit serves to allow the review team to discuss issues, with representatives of the Institute or other parties involved in that Institute's qualification, that could not be resolved as part of the desk review. The review team notifies the Institute on a timely basis prior to the review visit of the issues the team intends to address and the reasons for seeking to address these issues.

80. The review must examine any departures identified in the self assessment process and the justification for such departures. This does not limit the review to only those departures identified in the self assessment process.

Review Report

81. The review team provides the draft report to the Institute for comments that may affect the content of the final report.

82. The Institute provides comments to the Steering Group on the final report, submitted by the review team to the Steering Group, in relation to the review report conclusion, the review process, and any remaining issues.

83. The review report is in English and in electronic form (Microsoft Word Excel or pdf-files). The required components of the report are as follows:

- Conclusions
  - Scope of the review

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  - Overall conclusion
  - Reasons for the overall conclusion
  - Remaining areas of disagreement between Institute and review team
  - Conclusions sections A-F
- Recommendations to the Institute for remedial action to achieve full compliance with common content requirements
- Review approach and process
  - Composition of review team and planning
  - Sections A-F (understanding, risk assessment, risk response, results)
- Observations and recommendations on common content compliance process or qualification requirements
- Other observations not relevant to common content compliance

84. The scope of the review describes the qualifications of the identified Institute covered by the review, the date of the review report, and the applicable set of common content requirements.

85. The overall conclusion must be one of the following:

- the qualification of the Institute complies with the Common Content requirements; or
- the qualification of the Institute complies with the Common Content requirements subject to remedial action; or
- the qualification of the Institute does NOT comply with the Common Content requirements; or
- the review team is unable to reach a conclusion on whether the qualification of the Institute complies with Common Content requirements.

86. A qualification is deemed to not comply with the Common Content requirements, rather than being subject to remedial action, when, after having obtained substantially all of the evidence that the Institute is capable of providing in relation to departures from common content requirements, the review team reaches the conclusion that departures from such requirements have a pervasive effect on the qualification that casts substantial doubt on the long-term ability of that qualification to meet common content requirements. The review team is unable to reach a conclusion when, after having obtained substantially all of the evidence that the Institute is capable of providing, the review team is not provided adequate evidence to form a conclusion. In either case, the Steering Group is informed by the review team early in the management of the compliance process of the likely occurrence of such circumstances so that the Steering Group is in a position to resolve issues with the Institute being reviewed as early in the process as possible.

87. The review report provides an explanation of the reasons for selecting the overall review conclusion based upon the overall results of the review, the review teams disposition of any areas of remaining disagreement with the Institute, and the conclusions reached on each of the Sections A to F of the self assessment, together with an explanation of how these conclusions were reached. To support the review team's disposition of remaining areas of disagreement with the Institute, the review report describes in greater detail these remaining areas of disagreement with the Institute in a section subsequent to the reasons for the overall review conclusion.

88. The review report includes a section describing the names, positions and qualifications of the review team members.

89. The review report provides a description of the understanding obtained, risk assessment performed, responses to risk undertaken through further procedures, and the results

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achieved from those procedures (including a summary of departures from common content requirements identified from tests performed), as well as a summary of the evidence obtained through those procedures for each of Parts A to F of the self assessment. However, details of the tests performed and evidence obtained need not be included in the report: since these matters are retained in the review documentation retained by the review team (see below).

90. Based upon the results of its review, the review team may have observations or recommendations on common content qualification requirements or the compliance process. If any, these are included in a section that is separate from matters dealing with compliance with common content requirements. Furthermore the review team may also have other observations about the self assessment or qualification(s) being reviewed beyond compliance with common content requirements. If any, these observations are included in a separate section from those dealing with compliance with common content requirements and observations or recommendations on common content qualification or compliance requirements.

Nature, Extent and Retention of Review Documentation

91. The purpose of review documentation is to have evidence supporting the review team's conclusion on the self assessment and to have evidence that the review was performed in accordance with the requirements of the compliance manual. It may also assist the review team in planning and performing the review.

92. The review documentation is in electronic form (preferably in Microsoft Word, Excel, or pdf-files) to the extent possible. The review documentation, is prepared in the English language.

93. The review documentation is adequate to enable an experienced common content reviewer, have no previous connection with the review, to understand:

- The nature, timing and extent of review procedures performed,
- The results of the review procedures, and
- Significant matters arising from the review.

94. Significant matters include matters that give rise to significant risks, departures from common content requirements identified by the self assessment or the review, the inability to obtain adequate review evidence, and significant judgments made by the review team. The review documentation identifies the details of the tests performed, including the specific items tested.

95. The review team retains the review documentation until the compliance process for the Institute's qualification(s) being reviewed is completed (i.e., when the Steering Group has reached a final decision on compliance – see below). Thereafter, the review team provides the review documentation to those designated by the Steering Group as responsible for archiving the review documentation.

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4. STEERING GROUP MANAGEMENT OF COMPLIANCE PROCESS AND DECISION-MAKING

Responsibilities of Steering Group Prior to Completion of Reviews

96. The Steering Group is responsible for managing the compliance process, including the timing of reviews and any review cycle. The Steering Group consults with the Institute seeking to have its qualification(s) reviewed and determines which qualification(s) will be subject to review. Based upon conclusions reached by the review team from its preliminary review and discussions with the Institute, the Steering Group also assesses whether the Institute has prepared adequate self assessments to allow a review to proceed in an effective and efficient manner. The Steering Group refrains from commencing the review process when it appears that adequate self assessments have not been prepared. The Steering Group agrees reasonable deadlines with the reviewed Institute and the review team for the completion of the review.

97. To assist the Institute whose self assessment will be reviewed with that Institute's self assessment process, the Steering Group may recommend experts with intimate knowledge of Common Content to consult with that Institute and assist in the documentation of the self assessment. In recommending such experts, the Steering Group considers the future composition of the review team to prevent conflicts of interest and the need to not unduly burden any Institutes providing such experts. To this effect, the Steering Group consults with the Institute being reviewed, the Institutes that making such experts, and the individuals affected when making such recommendations.

98. An Institute may object to the inclusion of a particular team member on a review team for confidentiality reasons or other good cause. The Steering Group may remove a review team member from the team for good cause or irreconcilable differences in relation to the performance of the review.

99. The Steering Group is responsible for ensuring the comparability of reviews and the selection of review team members. To this effect, the Steering Group selects three review team members using the following criteria wherever possible:

- At least one
  - of the team leader or secretary has previous experience in performing a common content review
  - of the team leader or secretary is intimately familiar with common content qualification, general, and compliance requirements
  - team member has verbal and written English language skills substantially equivalent to those of a native speaker
  - team member has the professional or technical language skills in accountancy of the country in which the Institute operates
  - team member has professional education or considerable experience from either a common law or civil law jurisdiction, or both
- No more than one review team member with the local professional language skills has been involved in pre-review self assessment consultation;
- No two review team members are associated with the same participating Institute or its qualification process.
- No review team members are permitted to be involved in the self assessment process once the review has commenced. This does not preclude the review team

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- from providing suggestions during the review process as feedback to the Institute to improve its self assessment.
- No review team members are, or have been, involved in the design or delivery of the qualification program of the Institute to be reviewed, are an employee or on contract for other services for that Institute.

100. The Steering Group is responsible for ensuring that the particular competencies and skills of the review team members are complementary and for the composition of an effective review team for the particular qualification(s) being reviewed. The Steering group documents the composition, qualifications, and skills of the review team and the application of the criteria in selecting review team members.

101. The Steering Group is responsible for communicating with the Institutes and the review team on a timely basis in relation to the self assessment and review processes for major issues, and for ensuring the comparability of reviews.

102. When the Steering Group is informed by the review team that the review team is likely to be unable to reach a conclusion or the review team will likely not be provided with adequate evidence to form a conclusion, the Steering Group seeks to resolve issues with the Institute being reviewed as early in the process as possible.

Steering Group Consideration of Self Assessments and Reviews; Appeals Procedure

103. Based on its consideration of the self-assessment and the review, together with any comments on that review from the Institute, the Steering Group shall conclude one of the following:

- the qualification of the Institute complies with the Common Content requirements; or
- the qualification of the Institute complies with the Common Content requirements subject to remedial action; or
- the qualification of the Institute does NOT comply with the Common Content requirements; or
- the review team is unable to reach a conclusion on whether the qualification of the Institute complies with Common content requirements.

104. When remedial action is required, the Steering Group may specify the nature of that action, the timetable for completion and review of that action (including the need for a further self-assessment and review).

105. When an Institute's qualification does not comply with the Common Content requirements, the Steering Group may indicate the areas of non-compliance and the actions required to achieve compliance (including the need for a further self-assessment and review). A possible additional recommendation may be that a review or partial review may be necessary in a period that is shorter than the cycle that is determined for reviews by the Steering Committee.

106. The Institute whose qualification has been reviewed may appeal the decision of the Steering Group. In this case, the Steering Group is required to reconsider the evidence supporting the conclusion or the inability to obtain a conclusion and consider any new evidence, if made available. At the cost of the Institute, the Steering Group may also have the review team, or a new review team, seek further evidence if this appears to be a promising approach. In seeking to resolve differences of views with the reviewed Institute, the Steering Group may

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also engage in further discussions with the Institute. On the basis of the evidence obtained from the evidence gathered from the original review and resulting from the appeals procedure, the Steering Group reaches a final conclusion on compliance with common content requirements. The Steering Group seeks confirmation from the Oversight Committee that appropriate due process in the appeals procedure has been followed. If such confirmation is forthcoming, the conclusion reached through the appeals procedure is final.

107. A summary of the conclusions and the decisions of the Steering Group are published on the Common Content website.

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5. APPENDIX 1: MAPPING DOCUMENTS FOR INTERNATIONAL REQUIREMENTS

Compliance with EU Requirements

Statutory Audit Directive	National Requirement
Article 6: Educational qualifications Without prejudice to Article 11, a natural person may be approved to carry out a statutory audit only after having attained university entrance or equivalent level, then completed a course of theoretical instruction, undergone practical training and passed an examination of professional competence of university final or equivalent examination level, organised or recognised by the Member State concerned. **Article 7: Examination of professional competence** The examination of professional competence referred to in Article 6 shall guarantee the necessary level of theoretical knowledge of subjects relevant to statutory audit and the ability to apply such knowledge in practice. Part at least of that examination shall be written. **Article 8: Test of theoretical knowledge** 1. The test of theoretical knowledge included in the examination shall cover the following subjects in particular: a) general accounting theory and principles;	

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b) legal requirements and standards relating to the preparation of annual and consolidated accounts;

c) international accounting standards;

d) financial analysis;

e) cost and management accounting;

f) risk management and internal control;

g) auditing and professional skills;

h) legal requirements and professional standards relating to statutory audit and statutory auditors;

i) international auditing standards;

j) professional ethics and independence.

2. It shall also cover at least the following subjects insofar as they are relevant to auditing:

a) company law and corporate governance;

b) the law of insolvency and similar procedures;

c) tax law;

d) civil and commercial law;

e) social security law and employment law;

f) information technology and computer systems;

g) business, general and financial economics;

h) mathematics and statistics; and

i) basic principles of the financial management of undertakings.

3. NOT APPLICABLE

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Article 9: Exemptions

1. By way of derogation from Articles 7 and 8, a Member State may provide that a person who has passed a university or equivalent examination or holds a university degree or equivalent qualification in one or more of the subjects referred to in Article 8 may be exempted from the test of theoretical knowledge in the subjects covered by that examination or degree.

2. By way of derogation from Article 7, a Member State may provide that a holder of a university degree of equivalent qualification in one or more of the subjects referred to in Article 8 may be exempted from the test of the ability to apply in practice his or her theoretical knowledge of such subjects if he or she has received practical training in those subjects attested by an examination or diploma recognized by the State.

Article 10: Practical Training

1. In order to ensure the ability to apply theoretical knowledge in practice, a test of which is included in the examination, a trainee shall complete a minimum of three years' practical training

   in, *inter alia*, the auditing of annual accounts, consolidated accounts or similar financial statements.

   At least two-thirds of such practical training shall be completed with a statutory auditor or audit firm approved in any Member State.

2. Member States shall ensure that all training is carried out with persons providing adequate guarantees regarding their ability to provide practical training.

Article 11: Qualification through long-term practical experience

A member state may approve a person who does not satisfy the conditions laid down in Article 6 as a statutory auditor, if he or she can show either:

a) that he or she has, for 15 years,

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engaged in professional activities

which enabled him or her to acquire sufficient experience in the fields of finance, law and accountancy,

and has passed the examination of professional competence referred to in Article 7, or

b) that he or she has, for seven years, engaged in professional activities in those fields and has, in addition, undergone the practical training referred to in Article 10 and passed the examination of professional competence referred to in Article 7.

Article 12: Combination of practical training and theoretical instruction

1. Member States may provide that periods of theoretical instruction in the fields referred to in Article 8 shall count towards the periods of professional activity referred to in Article 11,

   provided that such instruction is attested by an examination recognised by the State.

   Such instruction shall not last less than one year, nor may it reduce the period of professional activity by more than four years.

2. The period of professional activity and practical training shall not be shorter than the course of theoretical Instruction together with the practical training required in Article 10.

Article 13: Continuing Education

Member States shall ensure that statutory auditors are required to take part in appropriate programmes of continuing education in order to maintain their

theoretical knowledge,

professional skills and

values

at a sufficiently high level,

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and that failure to respect the continuing education requirements is subject to appropriate penalties are referred to in Article 30.

Article 14: Approval of statutory auditors from other Member States

The competent authorities of the Member States shall establish procedures for the approval of statutory auditors who have been approved in other Member States.

Those procedures shall not go beyond the requirement to pass an aptitude test in accordance Article 4 of Council Directive 89/48/EEC of 21 December 1988 on a general system for the recognition of higher-education diplomas awarded on completion of professional education and training of at least three years' duration.

The aptitude test, which shall be conducted in one of the languages permitted by the language rules applicable in the Member State concerned,

shall cover only the statutory auditor's adequate knowledge of the laws and regulations of that Member State insofar as relevant to statutory audits.

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Compliance with IAESB Education Standards

(to be added when IAESB Clarity Project is completed)

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